

The National Grange

Of the Order of Patrons of Husbandry

Building Communities



October 24, 2006

Chairman Kevin Martin
Commissioner Michael Copps
Commissioner Jonathan Adelstein
Commissioner Deborah Taylor Tate
Commissioner Robert McDowell
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Docket Number 06-74

Dear FCC Chairman & Commissioners:

The National Grange supports the proposed merger of AT&T and BellSouth under the conditions outlined in the *ex parte* communication to the Federal Communications Commission and subsequent *erratum* released to the public for comment on October 16th 2006. The National Grange believes that the public interests of rural consumers, rural small businesses and family farmers within the service area of the proposed new company will be served by this merger.

In the view of the National Grange, the AT&T/BellSouth merger currently under review by the Commission, if approved, would provide better telecommunications services in rural communities than would be the case if the two companies remained independent. Combining these two entities offers the possibility of enhancing telecom networks and enriching the tools available to millions of consumers, especially in rural areas where advanced technologies lag behind. However, the National Grange also strongly believes that achieving enhanced telecommunications networks in rural areas will require the Commission and its staff to ensure full implementation of the merged company's commitments of investment, deployment and innovation in serving rural areas.

Founded in 1867, the National Grange is the nation's oldest general farm and rural public interest organization. Today, individual Grange members are affiliated with nearly 2800 local, county and state Grange chapters across the nation. The vast

majority of local Grange chapters are located in rural communities of 5000 persons or fewer.

With the U.S. falling behind in international measures of broadband deployment, it is necessary for government regulators and private telecommunications service providers to aggressively work together to improve this standing. Lack of ubiquitous deployment of advanced telecommunications services across rural communities in the United States is a major contributing factor in our nation's global standing in telecommunications deployment rankings. The proactive measures being considered by the Commission in the AT&T/BellSouth *ex parte* letter and *erratum* are examples of the practical measures that must be encouraged and supported by government regulators if high speed broadband Internet and other advanced communications technologies are going to become generally available in rural communities across the United States. Enabling AT&T and BellSouth networks to work together and become an improved telecommunications company will speed the deployment broadband and increase connectivity for rural residents.

The National Grange believes this merger satisfies the public interest for several specific reasons listed below, assuming full implementation of AT&T/BellSouth's written commitments to improve access to broadband internet services and other advanced telecommunications services in rural communities.

- Upon approval of the merger, AT&T/BellSouth pledges to begin providing broadband Internet access to all residential living units in the AT&T/Bellsouth footprint, including rural service areas. We urge the Commission to measure compliance with this commitment to provide broadband Internet access to all residential living units.
- The merged AT&T/BellSouth proposes to use wireline technologies to provide broadband Internet access to least 85% of the living units within the company service area. For the remainder of residential units, AT&T/BellSouth has committed to deploy alternative technologies and operating arrangements, including newer technologies such as satellite and Wi-Max, to serve the remaining 15% of the residential customer base. The National Grange predicts that a disproportionate number of residential customers who will receive broadband Internet access from the merged company via alternative technologies and operating arrangements will be in rural communities. The National Grange urges the Commission to strictly monitor this commitment to assure that it is carried out. The new company should not sell or shed rural residential lines simply to meet its 100% broadband access commitment. We further urge the Commission to clarify that rural residences that also constitute or contain small rural businesses and/or family farms be clearly included in the category of residential under this commitment.

- In addition, AT&T/Bellsouth pledges that at least 30 percent of new incremental deployment of broadband will be to rural areas and lower-income households using units. Because many of the households in the rural part of the AT&T/Bellsouth service territory would meet either criteria for this commitment the National Grange assumes that rural households, on whole, will be beneficiaries of these build out commitments. However, many rural moderate income residents, small businesses and family farms may fall above the low income mark or may fall outside the definition of what may be a residence or housing unit as proposed by AT&T/BellSouth. These rural customers also need assistance in accessing broadband Internet infrastructure. We therefore urge the Commission to clarify that rural residences which also constitute or contain small rural businesses and/or family farms be clearly included in the category of “housing units” or residences under this commitment. We strongly urge the Commission monitor this commitment closely to assure that moderate income rural households as well as rural small businesses and family farms that operate out of rural households do, in fact, receive benefit from this build out commitment.
- AT&T/BellSouth will provide a broadband modem free of charge to all residential subscribers, during calendar year 2007, to replace their AT&T/BellSouth dial-up Internet service. We urge the Commission to also clarify that rural residences that also constitute or contain small rural businesses and/or family farms be clearly included under this commitment.
- AT&T/BellSouth will also offer new residential subscribers broadband internet service at the rate of \$10 per month (exclusive of taxes and regulatory fees.) We urge the Commission to clarify that rural residences that also constitute or contain small rural businesses and/or family farms be clearly included under this commitment.
- Within 12 months of the merger being approved, AT&T/Bellsouth will offer “stand alone” high-speed Internet service, which means that AT&T/BellSouth will not require customers wanting DSL service to also purchase voice-grade telephone service. We urge the Commission to clarify that rural residences that also constitute or contain small rural businesses and/or family farms be clearly included under this commitment.
- AT&T/BellSouth will abide by the FCC’s principles set forth in their Broadband Policy Statement, issued September 30, 2005 (FCC 05-151).
- By June 1st 2007, AT&T will complete the steps necessary to allow it to make its disaster recovery capabilities available to facilitate restoration of service in the BellSouth region in the event of an extended service outage caused by a natural disaster or hurricane. Further AT&T has pledged to donate \$1 million

to 501.C.3 foundations or public entities for the purpose of promoting public safety. We urge the Commission to clarify that disaster recovery capabilities and public safety promotion that address the unique challenges of recovering from natural disasters and hurricanes in rural and remote communities within the company's service territory should be strongly encouraged and expected under this commitment.

- AT&T/BellSouth have agreed to initiate ten news trials of wireless broadband Internet access service using 2.3GHz or 2.5 GHz spectrum by the end of 2007, with at least five of those trials in territory served by BellSouth. We urge the Commission to clarify that rural communities with limited access to existing wireless (cell phone) communication technology be clearly included under this commitment in order to demonstrate how these technologies can serve underserved rural communities.

The National Grange believes that the combined AT&T/BellSouth will result in a more responsive and efficient company better able to provide new and innovative services and products to all of its customers urban suburban and rural. The merged company will be able to offer BellSouth customers, many of whom live in rural communities across the South, access to technical innovations developed by AT&T. Additionally, the public interest is served by combining both parent companies of Cingular Wireless. With a more robust network as a result of this merger, AT&T/BellSouth will be able to deploy the latest technologies across various technology platforms in order to truly reach out to serve our rural communities. In turn, this will facilitate providing the benefits of facilities based competition and exciting new products to some of the most underserved and low income rural areas of our nation.

The ATT/BellSouth merger has the potential to pave the way for more effective distance learning; encourage the nascent industry of telemedicine services, expand public safety, and facilitate the access of small rural businesses and family farms in the combined service territory of the new company to global markets and consumers. In all, we strongly believe the interests of rural consumers, rural small businesses and family farmers will be enhanced by this merger. As an organization that stands up for rural communities in ensuring equal access, we see this merger as a step forward in wiring our rural communities and giving our citizens the tools to succeed in today's global economy.

Sincerely,

A handwritten signature in cursive script, appearing to read "Leroy Watson".

Leroy Watson, Legislative Director
National Grange of the Order of Patrons of Husbandry

